

9634

RECEIVED
LEGISLATIVE AUDITOR

2007 MAR 12 AM 10:44

Financial Report
Catholic Charities Archdiocese of New Orleans
and Subsidiaries

June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk or court.

Release Date 3-28-07

TABLE OF CONTENTS

Catholic Charities Archdiocese of New Orleans and Subsidiaries New Orleans, Louisiana

June 30, 2006

	<u>Exhibits</u>	<u>Page Numbers</u>
Independent Auditor's Report		1- 2
Financial Section		
Consolidated Statement of Financial Position	A	3
Consolidated Statement of Activities	B	4
Consolidated Statement of Functional Expenses	C	5
Consolidated Statement of Cash Flows	D	6
Notes to Consolidated Financial Statements	E	7 - 23
	<u>Schedules</u>	
Supplementary Financial Information		
Consolidating Statements of Financial Position	1	24
Consolidating Statement of Activities (2006)	2	25
Consolidating Statement of Activities (2005)	3	26
Consolidating Statement of Functional Expenses	4	27 - 28
Consolidating Schedule of Activities by Program Services	5	29
Consolidated Schedule of Activities by Program Services	6	30



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

Most Reverend Alfred C. Hughes, D.D. and the Board of Directors,
Catholic Charities Archdiocese of New Orleans and Subsidiaries
New Orleans, Louisiana.

We have audited the accompanying consolidated statement of financial position of Catholic Charities Archdiocese of New Orleans (the "Agency") and Subsidiaries (nonprofit organizations) as of June 30, 2006 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of management of the Agency. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Agency's 2005 consolidated financial statements and, in our report dated January 20, 2006, we expressed an unqualified opinion on those consolidated financial statements. The financial statements of Second Harvest Food Bank of Greater New Orleans and Acadiana (a subsidiary) as of and for the years ended June 30, 2006 and 2005 were audited by other auditors, whose report dated February 28, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities Archdiocese of New Orleans and Subsidiaries as of June 30, 2006, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2007, on our consideration of Catholic Charities Archdiocese of New Orleans and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements of Catholic Charities Archdiocese of New Orleans and Subsidiaries taken as a whole. The supplemental information contained in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.


Certified Public Accountants.

New Orleans, Louisiana,
February 28, 2007.

FINANCIAL SECTION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**Catholic Charities Archdiocese of New Orleans and Subsidiaries**
New Orleans, LouisianaJune 30, 2006
(with comparative totals for 2005)**ASSETS**

	<u>2006</u>	<u>2005</u>
Cash	\$ 5,678,348	\$ 923,739
Program accounts receivable	8,840,616	5,380,504
Unconditional promises to give:		
Pledges	6,326,093	2,690,355
United Way Greater New Orleans	530,466	402,244
Other receivables	1,491,746	33,956
Prepaid expenses and deferred charges	226,899	138,409
Investments	12,391,294	11,144,083
Property and equipment - net	14,110,756	15,692,935
Undistributed food on hand	1,115,944	1,788,335
	<u> </u>	<u> </u>
Total assets	<u>\$ 50,712,162</u>	<u>\$ 38,194,560</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 5,194,719	\$ 2,882,833
Deferred revenue	247,455	38,592
Unemployment reserve	682,044	199,978
Accrual for uninsured claims	540,000	395,000
Loans payable	1,698,825	1,867,123
Funds held for others	179,477	131,326
	<u> </u>	<u> </u>
Total liabilities	<u>8,542,520</u>	<u>5,514,852</u>
Net assets:		
Unrestricted	22,007,011	22,024,415
Temporarily restricted	17,910,705	8,590,167
Permanently restricted	2,251,926	2,065,126
	<u> </u>	<u> </u>
Total net assets	<u>42,169,642</u>	<u>32,679,708</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 50,712,162</u>	<u>\$ 38,194,560</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES**Catholic Charities Archdiocese of New Orleans and Subsidiaries**
New Orleans, LouisianaFor the year ended June 30, 2006
(with comparative totals for 2005)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2006 Totals	2005 Totals
Revenues					
Public support:					
Contributions	\$ 6,807,481	\$ 25,867,202	\$ 25,820	\$ 32,700,503	\$ 6,154,544
Contributed goods and services	61,688,241	-	-	61,688,241	15,741,038
United Way					
Greater New Orleans:					
Allocations	742,933	310,000	-	1,052,933	396,738
Designations	439,035	-	-	439,035	204,720
Combined Federal Campaign	45,637	-	-	45,637	92,476
St. Charles Parish:					
Allocations	273,515	220,465	-	493,980	180,799
St. John Parish:					
Allocations	56,000	-	-	56,000	59,582
Special events (net of direct costs)	54,281	-	-	54,281	298,964
Total public support	70,107,123	26,397,667	25,820	96,530,610	23,128,861
Governmental financial assistance:					
Federal	23,211,800	108,294	-	23,320,094	22,871,449
Other governmental agencies	5,314,834	-	-	5,314,834	7,691,776
Total governmental financial assistance	28,526,634	108,294	-	28,634,928	30,563,225
Other Revenue:					
Program service fees	1,233,177	-	-	1,233,177	3,871,585
Rent	112,579	-	-	112,579	72,288
Miscellaneous	119,056	-	-	119,056	246,998
Property losses and expenses, net of insurance recoveries (Hurricane Katrina)	(2,119,016)	-	-	(2,119,016)	-
Net assets released from restrictions - operations	16,265,455	(16,253,823)	(11,632)	-	-
Total other revenue	15,611,251	(16,253,823)	(11,632)	(654,204)	4,190,871
Total revenue	114,245,008	10,252,138	14,188	124,511,334	57,882,957
Expenses					
Program services	113,618,199	-	-	113,618,199	52,842,124
Management and general	2,263,970	-	-	2,263,970	2,477,153
Fund-raising	418,455	-	-	418,455	910,785
Total expenses	116,300,624	-	-	116,300,624	56,230,062
Change in Net Assets before Investment Income	(2,055,616)	10,252,138	14,188	8,210,710	1,652,895
Investment income	839,202	267,410	172,612	1,279,224	759,314
Change in Net Assets	(1,216,414)	10,519,548	186,800	9,489,934	2,412,209
Net Assets					
Beginning of year	22,024,415	8,590,167	2,065,126	32,679,708	30,267,499
Transfers	1,199,010	(1,199,010)	-	-	-
End of year	\$ 22,007,011	\$ 17,910,705	\$ 2,251,926	\$ 42,169,642	\$ 32,679,708

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**Catholic Charities Archdiocese of New Orleans and Subsidiaries**
New Orleans, LouisianaFor the year ended June 30, 2006
(with comparative totals for 2005)

	Program Services	Management and General	Fund-raising	2006 Totals	2005 Totals
Salaries	\$ 18,774,418	\$ 1,099,827	\$ 191,015	\$ 20,065,260	\$ 19,508,056
Employee benefits	2,008,594	156,385	23,392	2,188,371	2,147,099
Payroll taxes	1,425,461	79,632	13,056	1,518,149	1,372,755
Total salaries and related expenses	22,208,473	1,335,844	227,463	23,771,780	23,027,910
Professional fees and contract services	3,457,700	289,061	82,568	3,829,329	3,774,999
Supplies	1,077,239	64,124	85,248	1,226,611	1,660,814
Equipment expense	776,113	104,926	1,293	882,332	556,828
Occupancy	2,658,817	116,859	6,524	2,782,200	2,775,913
Travel and transportation	974,135	13,106	3,161	990,402	953,502
Personnel recruitment and development	251,783	63,134	8,618	323,535	304,711
Insurance	559,030	13,262	358	572,650	898,307
Food	64,259,151	-	-	64,259,151	17,183,063
Contributed goods and services	1,539,980	-	-	1,539,980	2,336,199
Miscellaneous	401,611	7,734	-	409,345	256,077
Specific assistance to individuals	14,413,621	-	-	14,413,621	1,208,778
Interest	11,001	143,407	-	154,408	79,969
Depreciation	1,029,545	112,513	3,222	1,145,280	1,212,992
Total expenses	\$ 113,618,199	\$ 2,263,970	\$ 418,455	\$ 116,300,624	\$ 56,230,062

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS**Catholic Charities Archdiocese of New Orleans and Subsidiaries**
New Orleans, LouisianaFor the year ended June 30, 2006
(with comparative totals for 2005)

	<u>2006</u>	<u>2005</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 9,489,934	\$ 2,412,209
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,148,185	1,213,516
Gain on investments, net	(973,541)	(516,583)
Property loss - Hurricane Katrina	651,467	-
Change in assets and liabilities:		
Accounts receivable	(8,681,862)	529,092
Prepaid expenses and deferred charges	(88,490)	159,215
Undistributed food on hand	672,391	(520,534)
Accounts payable and accrued expenses	2,938,952	558,537
Deferred revenue	208,863	4,774
Funds held for the accounts of others	48,151	1,291
Net cash provided by operating activities	<u>5,414,050</u>	<u>3,841,517</u>
Cash Flows From Investing Activities		
Property loss insurance proceeds - Hurricane Katrina	925,103	-
Net investment activity	(273,670)	(650,449)
Purchases of property and equipment	<u>(1,142,576)</u>	<u>(3,256,624)</u>
Net cash used in investing activities	<u>(491,143)</u>	<u>(3,907,073)</u>
Cash Flows From Financing Activities		
Net borrowing (payments) under line of credit agreement	(147,291)	(122,000)
Repayment of loans payable	<u>(21,007)</u>	<u>(21,077)</u>
Net cash used in financing activities	<u>(168,298)</u>	<u>(143,077)</u>
Net Increase (Decrease) in Cash	4,754,609	(208,633)
Cash		
Beginning of year	<u>923,739</u>	<u>1,132,372</u>
End of year	<u>\$ 5,678,348</u>	<u>\$ 923,739</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest expense	<u>\$ 154,408</u>	<u>\$ 79,408</u>

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Catholic Charities Archdiocese of New Orleans and Subsidiaries**
New Orleans, Louisiana

June 30, 2006

Note 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Catholic Charities Archdiocese of New Orleans (the "Agency"), a not-for-profit charitable organization of the Roman Catholic Church of the Archdiocese of New Orleans (the "Archdiocese"), operates health and community-based programs and provides administrative support and financial management services to separately operated charitable programs which it sponsors. The accompanying financial statements include the accounts of all charitable programs which it operates or sponsors.

During the year ended June 30, 2005, several organizational changes took place involving the Agency and ownership and control of similar health and community based agencies previously sponsored by the Archdiocese. More specifically, ownership and control of PHILMAT, Inc., PACE Greater New Orleans, and Second Harvest Food Bank of Greater New Orleans and Acadiana were transitioned to the Agency.

PHILMAT, Inc. ("PHILMAT") was organized to provide health and community services to individuals within Louisiana. PHILMAT acts as local agent for the commodity supplemental food and warehouse program, Food for Families/Food for Seniors. Under this program, food provided by the United States Department of Agriculture (U.S.D.A.) is distributed by PHILMAT to eligible women, infants, children, and senior citizens, who are classified as low income and vulnerable to malnutrition.

PACE Greater New Orleans ("PACE") is the corporate title for the Program for All-Inclusive Care for the Elderly, a national model of healthcare for seniors. PACE was organized to provide community services such as medical treatment, social services, meals, activities, and transportation, allowing seniors to spend their final years at home rather than in a nursing home. As of June 30, 2006, PACE has not yet started operations.

Second Harvest Food Bank of Greater New Orleans and Acadiana ("Second Harvest") is a certified member of the Second Harvest national network of food banks. Its function is to help relieve the problem of hunger in Louisiana through the distribution of food and related products to qualified charitable institutions.

Note 1 - ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

The financial statements of each of these subsidiaries are included in the consolidated financial statements. All significant inter-organization accounts and transactions have been eliminated.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Income Taxes

The Agency and Subsidiaries are nonprofit corporations organized under the laws of the State of Louisiana. They are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualify as organizations that are not private foundations as defined in Section 509(a) of the code.

b. Basis of Accounting

The consolidated financial statements of the Agency and Subsidiaries are prepared on the accrual basis of accounting.

c. Financial Statement Presentation

Statement of Financial Standards No. 117, "Financial Statements of Not-For-Profit Organizations", requires reporting of information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets based on donor stipulations and restrictions placed on contributions, if any. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Contracts for services, contributions, and other revenues and expenditures of funds for the general operation of its programs.

Temporarily restricted net assets - Contributions and other revenues specifically authorized by the donor or grantor to be used for specific purposes or to benefit specific accounting periods.

Permanently restricted net assets - Contributions with donor-imposed restrictions that stipulate that resources be maintained permanently, but permits the use of all or part of the income derived.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

e. Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The value of contributed goods and services has been recorded as support and revenue and expense in the period received provided there is an objective basis for measurement of the value of such goods and services and they are significant and form an integral part of the efforts of the program.

f. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Agency and Subsidiaries that is in the substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

g. Functional Expenses

The Agency and Subsidiaries allocate expenses on a functional basis among their various programs, management and general, and fundraising.

The costs of administrative support that relate to more than one program have been allocated to the separate programs based on units of service, volume of activity or other equitable basis.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Investments

Investments are stated at market value based on quoted market prices. Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities.

i. Program Accounts Receivable

Program accounts receivable represent billings which are based primarily on cost reimbursement type contracts with various governmental agencies. Program accounts receivable are stated at the amount management expects to collect from outstanding balances. Management considered subsequent collection results and wrote off all year-end balances that were deemed to be not collectible. Accordingly, a valuation allowance was determined to be unnecessary.

j. Deferred Revenue

Deferred revenue related to grants and service fees consists of amounts received in advance which are for programs in the subsequent fiscal year.

k. Undistributed Food on Hand

Food and grocery products donated to Second Harvest and distributed by it to its beneficiaries and the undistributed food and grocery products on hand are valued at an average wholesale value as determined by a survey conducted by America's Second Harvest. The average wholesale value used for the years ended June 30, 2006 and 2005 was \$1.50 and \$1.49 per pound, respectively.

The average value used for disaster food products for the year ended June 30, 2006 was \$1.33 per pound.

U.S.D.A. products are valued using commodity prices provided by the Louisiana State Department of Agriculture and Forestry. The average per pound value for U.S.D.A. commodities for the years ended June 30, 2006 and 2005 was \$.43 and \$.48, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Property and Equipment

Property and equipment are carried at cost or, when acquired by donation or gift, at appraised values with subsequent additions at cost. Depreciation is provided using the straight-line basis over the estimated useful lives of the depreciable assets. Leasehold improvements are amortized over the estimated useful lives of the improvements.

The estimated useful lives used in determining depreciation and amortization follow:

<u>Classification</u>	<u>Lives in Years</u>
Buildings and improvements	20 - 60
Leasehold improvements	10 - 40
Equipment	5
Vehicles	3 - 5

m. Statement of Cash Flows

The Agency and Subsidiaries consider their money market funds to be short-term investments. No assets are considered to be cash equivalents.

Note 3 - PROMISES TO GIVE

Contributions and private grants receivable are included in the consolidated financial statements as unconditional promises to give and revenue of the appropriate net asset category.

Note 3 - PROMISES TO GIVE (Continued)

Unconditional promises to give as of June 30, 2006 are expected to be collected in the following periods:

In less than one year	\$ 5,144,796
One to five years	1,550,000
More than five years	<u>400,000</u>
	7,094,796
Less unamortized discount	231,316
Less allowance for uncollectible accounts	<u>6,921</u>
Total	<u><u>\$ 6,856,559</u></u>

Note 4 - INVESTMENTS

Investments of the various agencies of the Archdiocese have been pooled to maximize the return on the investments. Investments in the common investment pool consist primarily of debt and equity securities and mutual fund investments. The amounts recorded in the consolidated statement of financial position represent the Agency and Subsidiaries' share of the pool.

The following summarizes the investment return for the years ended June 30, 2006 and 2005:

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Over Cost</u>
Balances at June 30, 2006	<u>\$ 9,266,999</u>	<u>\$ 12,391,294</u>	\$ 3,124,295
Balances at June 30, 2005	<u>\$ 8,991,269</u>	<u>\$ 11,144,083</u>	2,152,814
Unrealized gain on investments			971,481
Realized gain for the year			<u>2,060</u>
			973,541
Interest and dividend income			<u>305,683</u>
Total investment income - June 30, 2006			<u><u>\$ 1,279,224</u></u>

Note 4 - INVESTMENTS (Continued)

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Over Cost</u>
Balances at June 30, 2005	\$ 8,991,269	\$ 11,144,083	\$ 2,152,814
Balances at June 30, 2004	<u>\$ 8,333,754</u>	<u>\$ 9,977,051</u>	<u>1,643,297</u>
Unrealized gain on investments			509,517
Realized gain for the year			<u>7,066</u>
			516,583
Interest and dividend income			<u>242,731</u>
Total investment income - June 30, 2005			<u>\$ 759,314</u>

Note 5 - PROPERTY AND EQUIPMENT - NET

A summary of property and equipment at June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Building and improvements	\$ 18,176,277	\$ 16,556,905
Leasehold improvements	2,494,430	3,943,505
Equipment	5,449,058	5,459,816
Vehicles	3,038,066	3,126,861
Construction in progress	9,297	2,423,195
Land	<u>1,239,969</u>	<u>1,239,969</u>
	30,407,097	32,750,251
Less accumulated depreciation and amortization	<u>16,296,341</u>	<u>17,057,316</u>
Total property and equipment, net	<u>\$ 14,110,756</u>	<u>\$ 15,692,935</u>

Note 6 - LOANS PAYABLE

Loans payable at June 30, 2006 and 2005 are summarized as follows:

	<u>2006</u>	<u>2005</u>
Unsecured demand borrowing, pursuant to a line of credit permitting borrowings up to \$2.5 million, bearing interest at 6.80% at June 30, 2006, issued by the Archdiocese.	\$ 1,520,229	\$ 1,468,000
Mortgage notes payable in monthly installments approximating \$2,750, including interest at an annually adjustable rate (ranging from 2.909% to 7.86%); final installments due between December 2013 and July 2015; collateralized by real estate with a net book value approximating \$260,000 and \$247,000 at June 30, 2006 and 2005, respectively.	178,596	199,603
Promissory note to the Archdiocese non-interest bearing, no scheduled repayment.	<u>-</u>	<u>199,520</u>
Total loans payable	<u>\$ 1,698,825</u>	<u>\$ 1,867,123</u>

Annual principal payments on loans payable for each of the next five years and in total thereafter at June 30, 2006 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2007	\$ 1,544,381
2008	24,795
2009	26,472
2010	28,266
2011	30,185
Thereafter	<u>44,726</u>
Total	<u>\$ 1,698,825</u>

Interest incurred during 2006 and 2005, all of which was charged to operations, totaled \$154,408 and \$79,408, respectively.

Note 7 - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the Agency and Subsidiaries. These restrictions are considered to expire when expenditures for restricted purposes are made. None of the temporarily restricted net assets are time-restricted by donors.

The following sets forth the composition of temporarily restricted net assets at June 30, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
Restricted for hurricane relief	\$ 9,946,251	\$ -
Restricted for relief services to children	3,162,755	2,763,084
Restricted for renovations of Shirley Landry Benson PACE Center	1,682,449	3,061,555
Other restrictions	1,333,267	1,070,587
Restricted for purchases of capital assets	1,255,518	1,298,203
United Way allocation for subsequent fiscal year	<u>530,465</u>	<u>396,738</u>
 Totals	 <u>\$ 17,910,705</u>	 <u>\$ 8,590,167</u>

The following temporarily restricted net assets were released during the years ended June 30, 2006 and 2005, due to satisfaction of donor restrictions:

	<u>2006</u>	<u>2005</u>
Restricted for hurricane relief	\$ 15,544,161	\$ -
Restricted for relief services to children	-	19,576
Restricted for renovations of Shirley Landry Benson PACE Center	83,176	89,301
Other restrictions	137,063	111,682
Restricted for purchases of capital assets	92,685	105,318
United Way allocation for subsequent fiscal year	<u>396,738</u>	<u>1,175,013</u>
 Totals	 <u>\$ 16,253,823</u>	 <u>\$ 1,500,890</u>

Note 7 - RESTRICTIONS ON ASSETS (Continued)

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The composition of permanently restricted net assets at June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Endowment fund – Second Harvest (described below)	\$ 1,216,885	\$ 1,146,603
Endowment fund – Catholic Charities Gift of Life	<u>1,035,041</u>	<u>918,523</u>
Totals	<u>\$ 2,251,926</u>	<u>\$ 2,065,126</u>

During fiscal year ended June 30, 2000, the donor amended the "Agreement to Donate" to Second Harvest dated August 26, 1997, which revised the method of distributing the earnings to Second Harvest whereby five percent of the average market value of the investment for the last 12 fiscal quarters will be distributed annually to Second Harvest. All amounts in excess of the five percent distribution will be reinvested as corpus. The amended "Agreement to Donate" also required that the principal balance should never be reduced below \$1,000,000.

Note 8 - RETIREMENT PLANS

The Agency and Subsidiaries offer a 401(k) defined contribution plan to its employees. Employees electing to participate in the plan are required to contribute a minimum of 3% of their salaries, and may elect to contribute up to a 16% maximum. The plan requires the Agency and Subsidiaries to contribute 3.5% of the participants' salaries. The plan expense also includes an additional 2.0% contribution by the Agency and Subsidiaries to cover costs for life insurance and disability insurance for the employees. Any remaining funds from the 2.0% contribution may be used as a discretionary employer contribution to the plan. The plan administrator is the Archdiocese. The Agency and Subsidiaries contributed approximately \$249,000 and \$258,000, for the years ended June 30, 2006 and 2005, respectively.

Note 9 - PROGRAM SERVICE EXPENSES

Details of program service expenses for the years ended June 30, 2006 and 2005 were as follows:

	<u>2006</u>	<u>2005</u>
Hope Haven	\$ 7,015,441	\$ 8,148,928
Head Start	2,268,604	4,644,546
Second Harvest	66,006,735	18,153,629
Food For Families	4,209,031	4,609,731
Adult Day Health Care	654,165	1,027,509
PACE	438,884	495,901
Padua Pediatrics and Adult	3,886,670	4,552,287
Community Centers and Services	20,929,310	2,707,851
Residential Special Needs	3,193,098	3,826,002
Non-Residential Day Programs	<u>5,016,261</u>	<u>4,675,740</u>
Totals	<u>\$ 113,618,199</u>	<u>\$ 52,842,124</u>

Note 10 - RELATED PARTY TRANSACTIONS

The Archbishop of New Orleans, head of the Archdiocese, serves as Co-Chairman of the Agency. He also serves as president of other corporations, boards of trustees, and separate organizations sponsored by or operated under the auspices of the Archdiocese.

In the normal course of operations, the Archdiocese has made and, when necessary, would consider making available to the Agency and its affiliated agencies specific assistance in the form of operating subsidies, loans, use of facilities, and administrative support. During the years ended June 30, 2006 and 2005, the Agency and Subsidiaries received no direct operating subsidies from the Archdiocese. Charges for facilities and administrative support are at rates approximating costs.

During 2000, the Archdiocese issued a \$2.5 million line of credit to the Agency. At June 30, 2006, the outstanding balance was \$1,520,229 under this line of credit agreement. During the year ended June 30, 2006, the Agency repaid a note payable to the Archdiocese for \$199,520. See Note 6 for further information related to these loans payable.

Note 11 - OPERATING LEASE OBLIGATIONS

The Agency operates a portion of its community social service programs in leased facilities under operating leases expiring at various dates through the fiscal year 2010. The leases are subject to cancellation under certain circumstances, including substantial changes in funding in the Agency's programs. The following is a schedule by year of future minimum rental payments required under those leases and under equipment leases that have initial or remaining lease terms in excess of one year as of June 30, 2006.

<u>Year Ending June 30,</u>	<u>Amount</u>
2007	\$ 206,620
2008	123,321
2009	27,906
2010	12
2011	12
Thereafter	<u>24</u>
Total	<u>\$ 357,895</u>

The rental expense for all operating leases for the year ended June 30, 2006 and 2005 approximated \$1,130,000 and \$930,000, respectively.

Note 12 - SIGNIFICANT CONTRACTS AND GRANTS

For the years ended June 30, 2006 and 2005, \$9,347,200 and \$10,322,625, respectively, of the Agency and Subsidiaries' governmental financial assistance was from the U.S. Department of Health and Human Services and \$7,250,187 and \$9,122,542, respectively, of the Agency and Subsidiaries' governmental financial assistance was from the U.S. Department of Agriculture. Management believes that the Agency and Subsidiaries are in compliance with the provisions of these contracts and grants and that the findings of an audit, if any, would not have a material impact on the financial statements.

Note 13 - RISK MANAGEMENT

The Agency and Subsidiaries are exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2006.

Note 14 - CONTINGENCIES

The Agency and Subsidiaries are party to various litigations and other claims, the outcome of which cannot be presently determined. Although management intends to vigorously defend against such litigations and claims, \$540,000 has been accrued for all matters. Management's opinion is that the outcome of such matters would not have a significant effect on the Agency and Subsidiaries financial position.

Note 15 - CONCENTRATIONS OF CREDIT RISK

As of June 30, 2006, the Agency and Subsidiaries had bank accounts at one financial institution which exceeded the \$100,000 limit insured by the Federal Deposit Insurance Corporation (FDIC) by approximately \$6,700,000.

As of June 30, 2006, program accounts receivable consisted primarily of amounts due from governmental sources.

Note 16 - NEW ORLEANS COUNCIL ON AGING

The Agency receives grants from the New Orleans Council on Aging for the operations of the Audubon Senior Center and Our Lady of Lourdes Community Center. Revenues for these grants were included in Other Governmental Revenue, as follows:

	June 30,	
	<u>2006</u>	<u>2005</u>
Audubon Senior Center	\$ 4,250	\$ 12,750
Our Lady of Lourdes CC	<u>6,247</u>	<u>37,485</u>
Totals	<u>\$ 10,497</u>	<u>\$ 50,235</u>

The expenses related to these programs are included in Community Centers and Services in program service expenses. During each year, the program expenses exceeded the grant revenue from the New Orleans Council on Aging.

Note 17 - PHILMAT COMMODITY FOODS ISSUED

PHILMAT receives pass-thru funding from the LDHH to administer and distribute commodity foods issued by the Food For Families/Food For Seniors program. Pass-thru funding received by PHILMAT for their administration and distribution services totaled \$3,829,049 and \$4,757,819, for the years ended June 30, 2006 and 2005, respectively.

Statistical information related to commodity foods issued by the Food For Families/Food For Seniors program during the years ended June 30, 2006 and 2005 is as follows:

	June 30,			
	2006		2005	
	<u>Dollars</u>	<u>Pounds</u>	<u>Dollars</u>	<u>Pounds</u>
Statistical information	<u>\$9,377,857</u>	<u>18,661,293</u>	<u>\$18,438,562</u>	<u>35,417,499</u>

Note 18 - SECOND HARVEST FOOD AND GROCERY PRODUCTS

Second Harvest undistributed food and grocery products at June 30, 2006 and 2005 consist of the following:

	June 30,			
	2006		2005	
	<u>Dollars</u>	<u>Pounds</u>	<u>Dollars</u>	<u>Pounds</u>
Donated and purchased products	\$ -	-	\$ 1,588,107	1,065,843
Disaster food product	1,072,958	806,735	-	-
U.S.D.A. commodities	<u>42,986</u>	<u>102,950</u>	<u>200,228</u>	<u>420,593</u>
Total	<u>\$ 1,115,944</u>	<u>909,685</u>	<u>\$ 1,788,335</u>	<u>1,486,436</u>

Note 18 - SECOND HARVEST FOOD AND GROCERY PRODUCTS (Continued)

Second Harvest receipts and distribution of food and grocery products for the years ended June 30, 2006 and 2005 were as follows:

	June 30,			
	2006		2005	
	Dollars	Pounds	Dollars	Pounds
Receipts:				
Donated products	\$ 2,238,546	1,492,364	\$ 12,637,021	8,481,222
Disaster products	57,800,833	43,459,273	-	-
U.S.D.A. commodities	2,853,328	6,746,589	3,169,001	6,567,840
K.I.D.S. donations	-	-	767,826	13,503
Purchased product	117,373		275,236	
Totals	\$ 63,010,080		\$ 16,849,084	
Distribution:				
Donated products	\$ 3,826,652	2,558,207	\$ 11,983,043	8,038,131
Disaster products	56,727,876	42,652,538	-	-
U.S.D.A. commodities	3,010,572	7,064,232	3,302,445	6,979,838
K.I.D.S. donations	-	-	767,826	13,503
Purchased product	117,373		275,236	
Totals	\$ 63,682,473		\$ 16,328,550	

Note 19 - BOARD OF DIRECTORS COMPENSATION

The members of the Agency's board of directors were not compensated for their work on the board during the years ended June 30, 2006 and 2005. All board positions are strictly on a volunteer basis.

Note 20 - HURRICANE KATRINA

On August 29, 2005, New Orleans and the surrounding area suffered a natural disaster, Hurricane Katrina. As the hurricane approached, the residential programs of the Agency were forced to evacuate to areas in north and central Louisiana. By October 2005, these programs were able to return to their facilities that suffered minimal damage. Due to flooding in the basement of the corporate offices, the administrative offices were displaced until March 24, 2006. Most non-residential programs reopened as staff returned to the area and offices were able to be reoccupied. Immediately after the storm, the two food programs became an integral part of supplying food to displaced evacuees. As a result, both of the food programs have expanded their distribution sites to farther areas within the State of Louisiana.

Of the more than 30 programs sponsored by the Agency, most programs have been able to reopen in some capacity except for the community centers and several Headstart sites. The hurricane has delayed the opening of the PACE program until a more appropriate time when its business partners are able to return to the area. Although most of the traditional community centers were unable to reopen because of flooding, several new emergency assistance distribution centers were opened to distribute direct assistance to hurricane victims. In November 2005, the Agency was awarded a grant from Catholic Charities USA for humanitarian aid in the amount of \$20.4 million. Of this amount, \$8.7 million was directed to the Archdiocese, \$8.0 million was for direct emergency assistance for hurricane victims, and the remainder was for reestablishment of Agency programs. In addition, the Agency has opened several new programs since the hurricane. These programs provide counseling and housing services to hurricane victims. In December 2006, the agency was awarded a second grant from Catholic Charities USA in the amount of \$35.5 million.

The most significant physical damage to property and equipment owned by the Agency and Subsidiaries was the loss of certain delivery equipment and one food warehouse used by the Food for Families/Food for Seniors program. The Agency and Subsidiaries participate in an insurance program sponsored by the Archdiocese of New Orleans. Most of the damage to structures owned by the Agency was due to wind damage and these losses will be fully covered by insurance. Since the Archdiocese of New Orleans was underinsured for flood coverage, losses to the Agency by flood will be uninsured. The Agency continues to pursue all insurance and FEMA claims for damaged property and clean up costs. Uninsured losses to property are not expected to have a significant effect on the Agency. It is expected that grants and donations will cover uninsured losses to property.

Note 20 - HURRICANE KATRINA (Continued)

For the year ended June 30, 2006, net property losses and expenses were as follows:

Net book value of destroyed property	\$ 1,576,570	
Property loss insurance proceeds	<u>(925,103)</u>	
Net property loss		\$ 651,467
Various Hurricane Katrina related expenses	1,791,431	
Insurance proceeds	<u>(323,882)</u>	
Net Hurricane Katrina related expenses		<u>1,467,549</u>
Property losses and expenses, net of insurance recoveries		2,119,016
FEMA payments included in Governmental Financial Assistance		(753,654)
Emergency protective measures included in salaries		<u>549,356</u>
Net property losses and expenses		<u><u>\$ 1,914,718</u></u>

Management does not expect the hurricane to have a significant negative impact on the future operations of the Agency and Subsidiaries.

SUPPLEMENTARY FINANCIAL INFORMATION

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

Catholic Charities Archdiocese of New Orleans and Subsidiaries
New Orleans, Louisiana

	June 30, 2006				June 30, 2005					
	Catholic Charities	PHILMAT	PACE	Second Harvest	Totals	Catholic Charities	PHILMAT	PACE	Second Harvest	Totals
Cash	\$ 5,571,049	\$ 1,636	\$ -	\$ 105,663	\$ 5,678,348	\$ 819,745	\$ 1,296	\$ 300	\$ 102,398	\$ 923,739
Program accounts receivable	7,421,411	1,322,017	-	97,188	8,840,616	3,830,613	1,351,829	-	198,062	5,380,504
Unconditional promises to give:										
Pledges	4,751,943	1,241	1,568,684	4,225	6,326,093	1,050,761	84,658	1,532,449	22,487	2,690,355
United Way Greater New Orleans	460,466	-	-	70,000	530,466	366,288	-	-	35,956	402,244
Other receivables	836,463	628,547	8,316	18,420	1,491,746	22,325	2,013	7,801	1,817	33,956
Prepaid expenses and deferred charges	153,326	11,186	57,091	5,296	226,899	46,050	11,186	76,193	4,980	138,409
Investments	10,035,584	-	-	2,355,710	12,391,294	9,016,361	-	-	2,127,722	11,144,083
Property and equipment - net	7,560,629	1,481,926	3,390,063	1,678,138	14,110,756	8,148,243	2,705,109	3,227,973	1,611,610	15,692,935
Undistributed food on hand	-	-	-	1,115,944	1,115,944	-	-	-	1,788,335	1,788,335
Due (to) from affiliate	800,332	(2,591,819)	(363,956)	2,155,443	-	1,583,002	(1,903,423)	15,517	304,904	-
Total assets	\$ 37,591,203	\$ 854,734	\$ 4,660,198	\$ 7,606,027	\$ 50,712,162	\$ 24,883,388	\$ 2,252,668	\$ 4,860,233	\$ 6,198,271	\$ 38,194,560

LIABILITIES AND NET ASSETS

Liabilities:										
Accounts payable and accrued expenses	\$ 4,577,835	\$ 410,211	\$ 13,471	\$ 193,202	\$ 5,194,719	\$ 2,128,786	\$ 444,493	\$ 112,277	\$ 197,277	\$ 2,882,833
Deferred revenue	74,078	-	-	173,377	247,455	4,505	3,128	-	30,959	38,592
Unemployment reserve	561,838	106,677	365	13,164	682,044	199,978	-	-	-	199,978
Accrual for uninsured claims	520,000	20,000	-	-	540,000	395,000	-	-	-	395,000
Loans payable	1,698,825	-	-	-	1,698,825	1,867,123	-	-	-	1,867,123
Funds held for others	160,117	19,360	-	-	179,477	131,326	-	-	-	131,326
Total liabilities	7,592,693	556,248	13,836	379,743	8,542,520	4,726,718	447,621	112,277	228,236	5,514,852
Net assets:										
Unrestricted	13,567,563	87,851	2,917,981	5,433,616	22,007,011	14,440,746	1,796,410	1,686,401	4,100,858	22,024,415
Temporarily restricted	15,395,906	210,635	1,728,381	575,783	17,910,705	4,797,401	8,637	3,061,555	722,574	8,590,167
Permanently restricted	1,035,041	-	-	1,216,885	2,251,926	918,523	-	-	1,146,603	2,065,126
Total net assets	29,998,510	298,486	4,646,362	7,226,284	42,169,642	20,156,670	1,805,047	4,747,956	5,970,035	32,679,708
Total liabilities and net assets	\$ 37,591,203	\$ 854,734	\$ 4,660,198	\$ 7,606,027	\$ 50,712,162	\$ 24,883,388	\$ 2,252,668	\$ 4,860,233	\$ 6,198,271	\$ 38,194,560

CONSOLIDATING STATEMENT OF ACTIVITIES

Catholic Charities Archdiocese of New Orleans and Subsidiaries
New Orleans, Louisiana

For the year ended June 30, 2006

Revenues	Catholic Charities			PHILMAT			PACE			Second Harvest			Total		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted
Public support:															
Contributions	\$ 2,333,962	\$ 25,000,118	\$ 25,820	\$ 27,379,900	\$ 80,431	\$ 817,084	\$ -	\$ 897,515	\$ 220,909	\$ 50,000	\$ -	\$ 3,317,167	\$ 5,972,469	\$ 25,867,202	\$ 31,865,491
Contributions - undesignated	599,335	-	-	599,335	126,092	-	-	126,092	-	-	-	109,565	835,012	-	835,012
Contributed goods and services	1,294,576	-	-	1,294,576	13,662	-	-	13,662	-	-	-	60,380,003	61,688,241	-	61,688,241
United Way															
Greater New Orleans:															
Allocations	623,635	240,000	-	863,635	-	-	-	-	119,298	70,000	-	189,298	742,933	310,000	1,052,933
Designations	311,143	-	-	311,143	32,824	-	-	32,824	95,068	-	-	95,068	439,035	-	439,035
Combined Federal Campaign	26,466	-	-	26,466	4,905	-	-	4,905	14,266	-	-	14,266	45,637	-	45,637
St. Charles Parish:															
Allocations	273,515	220,465	-	493,980	-	-	-	-	-	-	-	-	273,515	220,465	493,980
St. John Parish															
Allocations	56,000	-	-	56,000	-	-	-	-	-	-	-	-	56,000	-	56,000
Special events (net of direct costs)	39,153	-	-	39,153	432	-	-	432	14,696	-	-	14,696	54,281	-	54,281
Total public support	5,577,805	25,460,583	25,820	31,064,208	258,346	817,084	-	1,075,430	220,909	50,000	-	64,050,063	70,107,123	26,397,667	96,530,610
Governmental financial assistance:															
Federal	15,724,621	67,052	-	15,791,673	4,241,989	-	-	4,241,989	14,033	41,242	-	3,231,157	23,211,800	108,294	23,320,094
Other governmental agencies	5,337,387	-	-	5,337,387	(63,587)	-	-	(63,587)	41,034	-	-	-	5,314,834	-	5,314,834
Total governmental financial assistance	21,062,008	67,052	-	21,129,060	4,178,402	-	-	4,178,402	55,067	41,242	-	3,231,157	28,526,634	108,294	28,634,928
Other Revenue:															
Program service fees	1,041,262	-	-	1,041,262	39,518	-	-	39,518	-	-	-	152,397	1,233,177	-	1,233,177
Rent	90,437	-	-	90,437	3,722	-	-	3,722	-	-	-	18,420	112,579	-	112,579
Miscellaneous	109,193	-	-	109,193	1,096	-	-	1,096	-	-	-	8,767	119,056	-	119,056
Property losses and expenses, net of insurance recoveries	(566,873)	-	-	(566,873)	(1,505,186)	-	-	(1,505,186)	762	-	-	(47,719)	(2,119,016)	-	(2,119,016)
(Hurricane Katrina)															
Net assets released from restrictions - operations	15,346,334	(15,334,702)	(11,632)	-	615,086	(615,086)	-	-	87,244	(87,244)	-	216,791	16,265,455	(16,253,823)	(11,632)
Total other revenue	16,020,353	(15,334,702)	(11,632)	674,019	(845,764)	(615,086)	-	(1,460,850)	88,006	(87,244)	-	348,656	15,611,251	(16,253,823)	(654,204)
Total revenue	42,660,166	10,192,933	14,188	52,867,287	3,590,984	201,998	-	3,792,982	363,982	3,998	-	67,629,876	114,245,008	10,252,138	124,511,334
Expenses															
Program services	41,948,654	-	-	41,948,654	5,223,926	-	-	5,223,926	438,884	-	-	66,006,735	113,618,199	-	113,618,199
Management and general	1,607,462	-	-	1,607,462	313,306	-	-	313,306	30,690	-	-	312,512	2,263,970	-	2,263,970
Fund-raising	172,058	-	-	172,058	31,889	-	-	31,889	-	-	-	214,508	418,455	-	418,455
Total expenses	43,728,174	-	-	43,728,174	5,569,121	-	-	5,569,121	469,574	-	-	66,533,755	116,300,624	-	116,300,624
Change in Net Assets before Investment Income	(1,068,008)	10,192,933	14,188	9,139,113	(1,978,137)	201,998	-	(1,776,139)	(105,592)	3,998	-	1,096,121	(2,055,616)	10,252,138	8,210,710
Investment income	519,256	267,410	102,330	888,996	83,309	-	-	83,309	-	-	-	236,637	839,202	287,410	1,279,224
Change in Net Assets	(548,752)	10,460,343	116,518	10,028,109	(1,894,828)	201,998	-	(1,692,830)	(105,592)	3,998	-	1,332,758	(1,216,414)	10,519,548	9,489,934
Net Assets															
Beginning of year	14,440,746	4,797,401	918,523	20,156,670	1,796,410	8,637	-	1,805,047	1,686,401	3,061,555	-	4,100,858	22,024,415	8,590,167	32,679,708
Transfer	(324,431)	138,162	-	(186,269)	186,269	-	-	186,269	1,337,172	(1,337,172)	-	-	1,199,010	(1,199,010)	-
End of year	\$ 13,567,563	\$ 15,395,906	\$ 1,035,041	\$ 29,998,510	\$ 87,851	\$ 210,635	\$ -	\$ 298,486	\$ 2,917,981	\$ 1,728,381	\$ -	\$ 5,433,616	\$ 22,007,011	\$ 17,910,705	\$ 42,169,642

CONSOLIDATING STATEMENT OF ACTIVITIES
Catholic Charities Archdiocese of New Orleans and Subsidiaries
New Orleans, Louisiana

For the year ended June 30, 2005

	Catholic Charities			PHILMAY			PACE			Second Harvest			Total		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
Revenues															
Public support:															
Contributions	\$ 663,300	\$ 364,931	\$ 803,342	\$ 1,831,573	\$ 527,108	\$ 5,291	\$ -	\$ 532,399	\$ 888,664	\$ -	\$ -	\$ -	\$ 2,274,483	\$ 520,222	\$ 803,342
Contributions - undesignated	1,309,398	-	-	1,309,398	1,068,073	-	-	1,068,073	179,026	-	-	-	2,556,497	-	-
Contributed goods and services	2,143,350	-	-	2,143,350	192,841	-	-	192,841	13,404,847	-	-	-	15,741,038	-	-
Contributed by associated organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United Way	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Greater New Orleans:															
Allocations	-	366,288	-	366,288	-	-	-	-	-	30,450	-	-	396,738	-	-
Designations	72,691	-	-	72,691	68,973	-	-	68,973	63,056	-	-	-	204,720	-	-
Combined Federal Campaign	22,482	-	-	22,482	18,336	-	-	18,336	51,658	-	-	-	92,476	-	-
St. Charles Parish:															
Allocations	180,799	-	-	180,799	-	-	-	-	-	-	-	-	180,799	-	-
St. John Parish	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocations	56,000	-	-	56,000	3,582	-	-	3,582	-	-	-	-	59,582	-	-
Special events (net of direct costs)	186,671	9,825	-	196,496	3,057	-	-	3,057	99,411	-	-	-	289,139	9,825	-
Total public support	4,634,691	741,044	803,342	6,179,077	1,881,970	5,291	-	1,887,261	14,686,662	30,450	-	-	21,398,734	926,785	803,342
Governmental financial assistance:															
Federal	13,225,408	-	-	13,225,408	5,237,796	-	-	5,237,796	3,702,437	-	-	-	22,871,449	-	-
Other governmental agencies	7,612,096	-	-	7,612,096	46,908	-	-	46,908	32,772	-	-	-	7,691,776	-	-
Total governmental financial assistance	20,837,504	-	-	20,837,504	5,284,704	-	-	5,284,704	3,702,437	-	-	-	30,563,225	-	-
Other Revenue:															
Program service fees	3,061,982	-	-	3,061,982	172,629	-	-	172,629	636,974	-	-	-	3,871,585	-	-
Rent	51,898	-	-	51,898	18,390	-	-	18,390	-	-	-	-	72,288	-	-
Miscellaneous	184,584	-	-	184,584	44,702	-	-	44,702	17,712	-	-	-	246,998	-	-
Net assets released from restrictions - operations	1,145,891	(1,145,891)	-	-	7,018	(7,018)	-	-	258,680	(258,680)	-	-	1,500,890	(1,500,890)	-
Total other revenue	4,446,355	(1,145,891)	-	3,300,464	242,739	(7,018)	-	235,721	913,366	(258,680)	-	-	5,691,761	(1,500,890)	-
Total revenue	29,918,550	(404,847)	803,342	30,317,045	7,409,413	(1,727)	-	7,407,686	19,302,465	(228,230)	-	-	57,653,720	(574,105)	803,342
Expenses															
Program services	27,575,508	-	-	27,575,508	6,617,086	-	-	6,617,086	18,153,629	-	-	-	52,842,124	-	-
Management and general	1,706,956	-	-	1,706,956	425,822	-	-	425,822	312,525	-	-	-	2,477,153	-	-
Fund-raising	223,744	-	-	223,744	182,505	-	-	182,505	504,536	-	-	-	910,785	-	-
Total expenses	29,506,208	-	-	29,506,208	7,225,413	-	-	7,225,413	18,970,690	-	-	-	56,230,062	-	-
Change in Net Assets before Investment Income	412,342	(404,847)	803,342	810,837	184,000	(1,727)	-	182,273	331,775	(228,230)	-	-	1,423,658	(574,105)	803,342
Investment income	441,827	-	-	441,827	146,085	-	-	146,085	126,300	-	45,102	-	714,212	-	45,102
Change in Net Assets	854,169	(404,847)	803,342	1,252,664	330,085	(1,727)	-	328,358	458,075	(228,230)	45,102	-	2,137,870	(574,105)	848,444
Net Assets															
Beginning of year	6,789,326	5,202,248	115,181	12,106,755	8,263,576	10,364	-	8,273,940	3,642,783	950,804	1,101,501	-	19,886,545	9,164,272	1,216,682
Transfer	6,797,251	-	-	6,797,251	(6,797,251)	-	-	(6,797,251)	-	-	-	-	-	-	-
End of year	\$ 14,440,746	\$ 4,797,401	\$ 918,523	\$ 20,156,670	\$ 1,796,410	\$ 8,637	\$ -	\$ 1,805,047	\$ 4,100,858	\$ 722,574	\$ 1,146,603	\$ -	\$ 22,024,415	\$ 8,590,167	\$ 2,065,126

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Catholic Charities Archdiocese of New Orleans and Subsidiaries

For the year ended June 30, 2006
(with comparative totals for 2005)

	Catholic Charities				PHILMAT				PACE			
	Program Services	Management and General	Fund-raising	Totals	Program Services	Management and General	Fund-raising	Totals	Program Services	Management and General	Fund-raising	Totals
Salaries	\$ 15,596,042	\$ 760,812	\$ 72,569	\$ 16,429,423	\$ 2,256,459	\$ 148,288	\$ 13,450	\$ 2,418,197	\$ 251,683	\$ 14,526	\$ -	\$ 266,209
Employee benefits	1,561,302	109,950	9,671	1,680,923	341,389	21,430	1,792	364,611	11,122	2,099	-	13,221
Payroll taxes	1,175,525	54,975	4,315	1,234,815	180,292	10,715	800	191,807	19,946	1,050	-	20,996
Total salaries and related expenses	18,332,869	925,737	86,555	19,345,161	2,778,140	180,433	16,042	2,974,615	282,751	17,675	-	300,426
Professional fees and contract services	2,791,892	203,505	15,889	3,011,286	332,931	39,665	2,945	375,541	57,913	3,885	-	61,798
Supplies	686,422	47,742	55,954	790,118	274,235	9,305	10,370	293,910	9,157	911	-	10,068
Equipment expense	575,592	79,730	737	656,059	112,177	15,540	137	127,854	15,273	1,522	-	16,795
Occupancy	1,704,737	89,857	4,846	1,799,440	691,150	17,514	898	709,562	46,318	1,716	-	48,034
Travel and transportation	298,619	9,323	2,080	310,022	344,432	1,817	385	346,634	2,493	178	-	2,671
Personnel recruitment and development	175,213	43,723	3,926	222,862	11,339	8,522	728	20,589	4,821	835	-	5,656
Insurance	339,640	10,127	153	349,920	172,043	1,974	29	174,046	19,601	193	-	19,794
Food	567,752	-	-	567,752	8,656	-	-	8,656	271	-	-	271
Contributed goods and services	1,294,576	-	-	1,294,576	13,662	-	-	13,662	-	-	-	-
Miscellaneous	313,122	5,948	-	319,070	42,297	1,158	-	43,455	62	114	-	176
Specific assistance to individuals	14,242,411	-	-	14,242,411	171,210	-	-	171,210	-	-	-	-
Interest	11,001	110,272	-	121,273	-	21,493	-	21,493	-	2,105	-	2,105
Depreciation	614,808	81,498	1,918	698,224	271,654	15,885	355	287,894	224	1,556	-	1,780
Total expenses	\$ 41,948,654	\$ 1,607,462	\$ 172,058	\$ 43,728,174	\$ 5,223,926	\$ 313,306	\$ 31,889	\$ 5,569,121	\$ 438,884	\$ 30,690	\$ -	\$ 469,574

	Second Harvest				2006 Consolidated Totals			2005 Consolidated Totals
	Program Services	Management and General	Fund-raising	Totals	Program Services	Management and General	Fund-raising	Totals
Salaries	\$ 670,234	\$ 176,201	\$ 104,996	\$ 951,431	\$ 18,774,418	\$ 1,099,827	\$ 191,015	\$ 20,065,260
Employee benefits	94,781	22,906	11,929	129,616	2,008,594	156,385	23,392	2,188,371
Payroll taxes	49,698	12,892	7,941	70,531	1,425,461	79,632	13,056	1,518,149
								1,372,755
Total salaries and related expenses	814,713	211,999	124,866	1,151,578	22,208,473	1,335,844	227,463	23,771,780
Professional fees and contract services	274,964	42,006	63,734	380,704	3,457,700	289,061	82,568	3,829,329
Supplies	107,425	6,166	18,924	132,515	1,077,239	64,124	85,248	1,226,611
Equipment expense	73,071	8,134	419	81,624	776,113	104,926	1,293	882,332
Occupancy	216,612	7,772	780	225,164	2,658,817	116,859	6,524	2,782,200
Travel and transportation	328,591	1,788	696	331,075	974,135	13,106	3,161	990,402
Personnel recruitment and development	60,410	10,054	3,964	74,428	251,783	63,134	8,618	323,535
Insurance	27,746	968	176	28,890	559,030	13,262	358	572,650
Food	63,682,472	-	-	63,682,472	64,259,151	-	-	64,259,151
Contributed goods and services	231,742	-	-	231,742	1,539,980	-	-	1,539,980
Miscellaneous	46,130	514	-	46,644	401,611	7,734	-	409,345
Specific assistance to individuals	-	-	-	-	14,413,621	-	-	14,413,621
Interest	-	9,537	-	9,537	11,001	143,407	-	154,408
Depreciation	142,859	13,574	949	157,382	1,029,545	112,513	3,222	1,145,280
Total expenses	\$ 66,006,735	\$ 312,512	\$ 214,508	\$ 66,533,755	\$ 113,618,199	\$ 2,263,970	\$ 418,455	\$ 116,300,624
								\$ 56,230,062

CONSOLIDATING SCHEDULE OF ACTIVITIES BY PROGRAM SERVICES

Catholic Charities Archdiocese of New Orleans and Subsidiaries
New Orleans, Louisiana

For the year ended June 30, 2006

	Catholic Charities Archdiocese of New Orleans				PHILMAT, Inc.				2006 Consolidated Totals
	Hope Haven	Head Start	Adult Day Health Care	Pediatric Pediatrics and Adult	Community Centers and Services	Residential Special Needs	Non-Residential Day Programs	Totals	
Revenues									
Public support:									
Contributions	\$ 320,927	\$ 50,000	\$ 2,250	\$ 163,655	\$ 1,323,695	\$ 300,807	\$ 192,628	\$ 2,353,962	\$ 80,431
Contributions - undesignated	180,756	340	-	-	41,331	71,533	305,395	599,355	126,092
Contributed goods and services	826,103	53,678	43,700	41,793	5,166	148,337	175,799	1,294,576	13,662
Contributed by associated organizations	-	-	-	-	-	-	-	-	-
United Way	-	-	-	-	-	-	-	-	-
Greater New Orleans:									
Allocations	-	106,004	66,664	-	-	179,632	271,335	623,635	-
Designations	37,042	30,070	20,000	-	38,469	66,658	118,904	311,143	-
Combined Federal Campaign	7,982	15	-	-	1,825	3,159	13,485	26,466	-
St. Charles Parish:									
Allocations	-	-	-	-	-	-	273,515	273,515	-
St. John Parish:									
Allocations	-	-	-	-	-	-	56,000	56,000	-
Special events (net of direct costs)	-	1,500	-	-	1,069	-	36,584	39,153	-
Total public support	1,372,810	241,607	132,614	205,448	1,411,555	770,126	1,443,645	5,577,805	258,346
Governmental financial assistance:									
Federal	3,977,123	2,374,480	17,081	209,638	5,128,388	1,996,352	2,021,559	15,724,621	4,241,989
Other governmental agencies	658,563	-	164,347	3,493,490	10,565	539,136	471,286	5,337,387	(63,587)
Total governmental financial assistance	4,635,686	2,374,480	181,428	3,703,128	5,138,953	2,535,488	2,492,845	21,062,008	4,178,402
Other revenue:									
Program service fees	11,594	-	90,732	149,524	275	120,197	668,940	1,041,262	39,518
Rent	34,067	-	-	19,554	20,394	2,222	14,200	90,437	3,722
Miscellaneous	22,926	117	61,167	22,661	146	(111)	2,287	109,193	1,096
Property losses and expenses, net of insurance recoveries (Hurricane Katrina)	(121)	(292,641)	49,744	28,731	(296,512)	(60,030)	3,956	(566,873)	(520,462)
Net assets released from restrictions - operations	724,183	90,814	82,340	110,509	13,626,893	234,891	476,704	15,346,334	615,086
Total other revenue	792,649	(201,710)	283,983	330,979	13,351,196	297,169	1,166,087	16,020,353	(845,764)
Total revenues	6,801,145	2,414,377	598,025	4,239,555	19,901,704	3,602,783	5,102,577	42,660,166	3,590,984
Expenses									
Salaries	3,434,997	1,512,742	313,955	2,274,065	4,639,632	1,323,447	2,097,204	15,596,042	2,256,459
Employee benefits	397,606	169,037	41,228	242,207	319,494	146,273	245,457	1,561,302	341,389
Payroll taxes	266,249	114,919	24,449	172,756	335,747	101,299	160,106	1,175,525	180,292
Total salaries and related expenses	4,098,852	1,796,698	379,632	2,689,028	5,294,873	1,571,019	2,502,767	18,332,869	2,778,140
Professional fees and contract service payments	323,833	49,002	28,493	228,130	338,694	576,720	1,247,020	2,791,892	332,931
Supplies	138,163	63,406	10,761	182,856	113,020	52,139	126,077	686,422	274,235
Equipment expense	81,672	25,472	5,388	69,865	295,636	34,506	63,053	575,592	9,157
Occupancy	573,265	138,649	56,678	219,022	300,228	167,190	249,705	1,704,737	112,177
Travel and transportation	40,428	6,181	4,617	53,617	141,654	15,841	36,281	298,619	691,150
Personnel recruitment and development	70,537	1,068	1,409	27,926	26,168	13,616	34,489	71,633	344,432
Insurance	219,238	21,068	13,120	39,197	16,800	14,429	15,788	339,640	4,821
Food	193,830	60,987	70,171	143,123	48,603	50,183	855	567,752	172,043
Contributed goods and services	826,103	53,678	43,700	41,793	5,166	148,337	175,799	1,294,576	8,315
Indirect allocated costs	366,975	142,041	39,268	231,516	412,895	170,450	244,317	1,607,462	13,662
Miscellaneous	87,215	150	1,752	59,602	34,081	27,988	102,334	313,122	313,306
Specific assistance to individuals	43,112	320	704	32,994	13,290,786	442,402	432,093	14,242,411	42,297
Fund-raising allocated	51,890	99	-	-	11,865	20,535	87,669	172,058	171,210
Interest	3	-	-	10,998	-	-	-	11,001	3,986
Depreciation	319,190	51,925	37,740	88,519	8,706	78,728	30,000	614,808	-
Total expenses	7,434,306	2,410,744	693,433	4,118,186	20,339,175	3,384,083	5,348,247	43,728,174	271,654
Changes in net assets before investment income	(633,161)	3,633	(95,408)	121,369	(437,471)	218,700	(245,670)	(1,068,008)	5,569,121
Investment income	196,623	246	1,211	1,211	29,869	56,871	233,225	519,256	(1,978,137)
Changes in net assets	\$ (436,538)	\$ 3,879	\$ (94,197)	\$ 122,580	\$ (407,602)	\$ 275,571	\$ (12,445)	\$ (548,752)	\$ (1,894,828)

CONSOLIDATED SCHEDULE OF ACTIVITIES BY PROGRAM SERVICES

Catholic Charities Archdiocese of New Orleans and Subsidiaries
New Orleans, Louisiana

For the year ended June 30, 2006

	Consolidated Total										2005 Consolidated Totals
	Hope Haven	Head Start	Second Harvest	Food for Families	Adult Day Health Care	PACE	Padua Pediatrics and Adult	Community Centers and Services	Residential Special Needs	Non-Residential Day Programs	
Revenues											
Public support:											
Contributions	\$ 320,927	\$ 50,000	\$ 3,317,167	\$ 550	\$ 2,250	\$ 220,909	\$ 163,655	\$ 1,403,576	\$ 300,807	\$ 192,628	\$ 2,274,483
Contributions - undesignated	180,756	340	109,565	110,331	-	-	-	57,092	71,533	305,395	835,012
Contributed goods and services	826,103	53,678	60,380,003	-	43,700	-	41,793	18,828	148,337	175,799	61,688,241
Contributed by associated organizations	-	-	-	-	-	-	-	-	-	-	-
United Way	-	-	-	-	-	-	-	-	-	-	-
Greater New Orleans:											
Allocations	-	106,004	119,298	-	66,664	-	-	-	179,632	271,335	742,933
Designations	37,042	30,070	95,068	19,918	20,000	-	-	51,375	66,658	118,904	439,035
Combined Federal Campaign	7,982	15	14,266	4,292	-	-	-	2,438	3,159	13,485	45,637
St. Charles Parish:											
Allocations	-	-	-	-	-	-	-	-	-	273,515	180,799
St. John Parish:											
Allocations	-	-	-	-	-	-	-	-	-	56,000	59,582
Special events (net of direct costs)	-	1,500	14,696	-	-	-	-	1,501	-	36,584	289,139
Total public support	1,372,810	241,607	64,050,063	135,091	132,614	220,909	205,448	1,534,810	770,126	1,443,645	21,398,734
Governmental financial assistance:											
Federal	3,977,123	2,374,480	3,231,157	3,952,135	17,081	14,033	209,638	5,418,242	1,996,352	2,021,559	23,211,800
Other governmental agencies	658,563	-	-	-	164,347	41,034	3,493,490	(53,022)	539,136	471,286	5,314,834
Total governmental financial assistance	4,635,686	2,374,480	3,231,157	3,952,135	181,428	55,067	3,703,128	5,365,220	2,535,488	2,492,845	30,563,225
Other revenue:											
Program service fees	11,594	-	152,397	11,115	90,732	-	149,524	28,678	120,197	668,940	1,233,177
Rent	34,067	-	18,420	-	-	-	19,554	24,116	2,222	14,200	112,579
Miscellaneous	22,926	117	8,767	-	61,167	-	22,661	1,242	(111)	2,287	72,288
Property losses and expenses, net of insurance recoveries (Hurricane Katrina)	(121)	(292,641)	(47,719)	(984,724)	49,744	762	28,731	(816,974)	(60,030)	3,956	(2,119,016)
Net assets released from restrictions - operations	724,183	90,814	216,791	250,000	82,340	87,244	110,509	13,991,979	234,891	476,704	16,265,455
Total other revenue	792,649	(201,710)	348,656	(723,609)	283,983	88,006	330,979	13,229,041	297,169	1,166,087	15,611,251
Total revenues	6,801,145	2,414,377	67,629,876	3,363,617	598,025	363,982	4,239,555	20,129,071	3,602,783	5,102,577	114,245,008
Expenses											
Salaries	3,434,997	1,512,742	670,234	1,743,219	313,955	251,683	2,274,065	5,152,872	1,323,447	2,097,204	18,057,888
Salaries	397,606	169,037	94,781	283,687	41,228	11,122	242,207	377,196	146,273	245,457	2,008,594
Employee benefits	266,249	114,919	49,698	135,391	24,449	19,946	172,756	380,648	101,299	160,106	1,278,800
Payroll taxes											
Total salaries and related expenses	4,098,852	1,796,698	814,713	2,162,297	379,632	282,751	2,689,028	5,910,716	1,571,019	2,502,767	21,293,159
Professional fees and contract service payments	323,833	49,002	274,964	289,876	28,493	57,913	228,130	381,749	576,720	1,247,020	3,024,906
Supplies	138,163	63,406	107,425	253,753	10,761	9,157	182,856	133,502	52,139	126,077	1,486,835
Equipment expense	81,672	25,472	73,071	105,806	5,388	15,273	69,865	302,007	34,506	63,053	490,340
Occupancy	573,265	138,649	216,612	640,685	56,678	46,318	219,022	350,693	167,190	249,705	2,658,817
Travel and transportation	40,428	6,181	328,591	323,089	4,617	2,493	53,617	162,997	15,841	36,281	938,065
Personnel recruitment and development	70,537	1,068	60,410	7,163	1,409	4,821	27,926	30,344	13,616	34,489	245,244
Insurance	219,238	21,068	27,746	131,928	13,120	19,601	79,197	56,915	14,429	15,788	875,521
Food	193,830	60,987	63,682,472	8,315	70,171	271	143,123	48,944	50,183	855	64,259,151
Contributed goods and services	826,103	53,678	231,742	8,315	43,700	-	41,793	18,828	148,337	175,799	17,183,063
Indirect allocated costs	366,975	142,041	312,512	259,989	39,268	30,690	231,516	466,212	170,450	1,539,980	2,336,199
Miscellaneous	87,215	150	46,130	36,910	1,752	62	59,602	39,468	244,317	2,477,153	2,477,153
Specific assistance to individuals	43,112	320	-	704	704	-	32,994	13,461,996	27,988	102,334	187,883
Fund-raising allocated	51,890	99	214,508	27,903	-	-	-	13,461,996	442,402	432,093	1,208,778
Interest	3	-	-	-	-	-	-	15,851	20,535	87,669	910,785
Depreciation	319,190	51,925	142,859	249,209	37,740	224	10,998	-	78,728	-	12,063
Total expenses	7,434,306	2,410,744	66,533,755	4,496,923	693,433	469,574	4,118,186	21,411,373	3,384,083	5,348,247	56,230,062
Changes in net assets before investment income	(633,161)	3,633	1,096,121	(1,133,306)	(95,408)	(105,592)	121,369	(1,282,302)	218,700	(245,670)	1,423,658
Investment income	196,623	246	236,637	70,851	1,211	-	1,211	42,327	56,871	233,225	714,212
Changes in net assets	\$ (436,538)	\$ 3,879	\$ 1,332,758	\$ (1,062,455)	\$ (94,197)	\$ (105,592)	\$ 122,580	\$ (1,239,975)	\$ 275,571	\$ (12,445)	\$ 2,137,870

RECEIVED
LEGISLATIVE AUDITOR
2007 MAR 12 AM 10:44

***Single Audit Under OMB Circular A-133
Supplementary Financial Report***

***Catholic Charities Archdiocese of New Orleans
and Subsidiaries***

June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date _____

TABLE OF CONTENTS

Catholic Charities Archdiocese of New Orleans and Subsidiaries New Orleans, Louisiana

June 30, 2006

Page Numbers

Special Reports of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1 - 2
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards	3 - 5
Schedule of Expenditures of Federal Awards	6 - 11
Notes to Schedule of Expenditures of Federal Awards	12 - 13
Schedule of Findings and Questioned Costs	14 - 15

Reports By Management

Schedule of Prior Year Findings and Responses	16 - 17
Management's Corrective Action Plan on Current Year Findings	18



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Most Reverend Alfred C. Hughes, D.D. and the Board of Directors,
Catholic Charities Archdiocese of New Orleans and Subsidiaries,
New Orleans, Louisiana.

We have audited the consolidated financial statements of Catholic Charities Archdiocese of New Orleans (the "Agency") and Subsidiaries (non-profit organizations), as of and for the year ended June 30, 2006, and have issued our report thereon dated February 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The consolidated financial statements include the operations of PHILMAT, Inc., PACE Greater New Orleans, and Second Harvest Food Bank of Greater New Orleans and Acadiana ("Second Harvest"). We did not audit the financial statements of Second Harvest. Those financial statements were audited by other auditors who have issued a separate report on internal control over financial reporting and on compliance and other matters. Our report does not include that entity.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency and Subsidiaries' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency and Subsidiaries' financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Most Reverend Alfred C. Hughes, D.D. and the Board of Directors, management, the Legislative Auditor for the State of Louisiana, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, LLC.

Certified Public Accountants.

New Orleans, Louisiana,
February 28, 2007.



Bourgeois Bennett

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND ON
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Most Reverend Alfred C. Hughes, D.D. and the Board of Directors,
Catholic Charities Archdiocese of New Orleans and Subsidiaries,
New Orleans, Louisiana.

Compliance

We have audited the compliance of Catholic Charities Archdiocese of New Orleans (the "Agency") and Subsidiaries (non-profit organizations), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of their major federal programs for the year ended June 30, 2006. The Agency and Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of their major federal programs is the responsibility of the Agency and Subsidiaries' management. Our responsibility is to express an opinion on the Agency and Subsidiaries' compliance based on our audit.

The Agency and Subsidiaries' consolidated financial statements include the operations of PHILMAT, Inc., PACE Greater New Orleans, and Second Harvest Food Bank of Greater New Orleans and Acadiana ("Second Harvest"). Second Harvest received \$3,231,157 in federal awards which is not included in the accompanying schedule of expenditures of federal awards for the year ended June 30, 2006. Our audit of compliance, described below, did not include the operations of Second Harvest because it engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance

about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency and Subsidiaries' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Agency and Subsidiaries' compliance with those requirements.

In our opinion, the Agency and Subsidiaries, complied in all material respects, with the requirements referred to above that are applicable to each of their major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Agency and Subsidiaries is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Agency and Subsidiaries' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the consolidated financial statements of the Agency and Subsidiaries as of and for the year ended June 30, 2006, and have issued our report thereon dated February 28, 2007. Our audit was performed in accordance with the auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

This report is intended solely for the information and use of the Most Reverend Alfred C. Hughes, D.D. and the Board of Directors, management, the Legislative Auditor for the State of Louisiana, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
February 28, 2007.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Catholic Charities Archdiocese of New Orleans and Subsidiaries New Orleans, Louisiana

For the year ended June 30, 2006

<u>Federal Grantor/Pass-Through Grantor/ Program Title/Program Description</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures*</u>
U. S. Department of Agriculture		
Pass-through programs from:		
State of Louisiana		
Department of Education		
Division of Nutrition Assistance		
School Breakfast Program		
Child residential care	10.553	\$ 162,973
Child and Adult Care Food Program		
Child day care	10.558	39,195
Adult day health care	10.558	9,224
Emergency shelter	10.558	6,092
Domestic violence	10.558	1,977
Total - Child and Adult Care Food Program		56,488
Total - Louisiana Department of Education		219,461
Department of Health and Hospitals		
Office of Public Health		
Commodity Supplemental Food Program	10.565	3,829,049
Total - State of Louisiana		4,048,510
Total - U. S. Department of Agriculture		4,048,510
U.S. Department of Housing and Urban Development		
Direct program:		
Supportive Housing Program		
Transitional housing	14.235	184,426
Total - direct program		184,426

(Continued)

<u>Federal Grantor/Pass-Through Grantor/ Program Title/Program Description</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures*</u>
U.S. Department of Housing and Urban Development (Continued)		
Pass-through programs from:		
City of New Orleans		
Community Development Block Grants		
Youth	14.218	18,485
Social adjustment	14.218	6,640
Adult literacy program	14.218	5,154
Senior enrichment program	14.218	14,166
		<hr/>
Total - Community Development Block Grants		44,445
		<hr/>
Emergency Shelter Grants Program		
Emergency shelter care	14.231	41,098
Pass-through program from:		
State of Louisiana Department of Social Services		
Emergency Shelter Grants Program		
Domestic violence	14.231	4,047
		<hr/>
Total - Emergency Shelter Grants Program		45,145
		<hr/>
Housing Opportunities for Persons with AIDS		
AIDS services	14.241	140,135
		<hr/>
Total - City of New Orleans		229,725
		<hr/>
Parish of Jefferson		
Department of Community Development Programs		
Community Development Block Grants		
Emergency shelter care	14.218	100,000
Emergency Shelter Grants Program		
Emergency shelter care	14.231	190,588
		<hr/>
Total - Parish of Jefferson		290,588
		<hr/>

(Continued)

<u>Federal Grantor/Pass-Through Grantor/ Program Title/Program Description</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures*</u>
U.S. Department of Housing and Urban Development (Continued)		
UNITY for the Homeless, Inc.		
Supportive Housing Program		
Mental health	14.235	264,293
Transitional housing	14.235	151,330
Community centers	14.235	167,998
Emergency shelter care	14.235	6,014
Adult residential care	14.235	24,921
Total - Supportive Housing Program		614,556
Total - UNITY for the Homeless, Inc.		614,556
Total pass-through programs		1,134,869
Total - U. S. Department of Housing and Urban Development		1,319,295
U. S. Department of Justice		
Pass-through programs from:		
New Orleans Legal Assistance Corporation		
Legal Assistance for Victims		
Domestic violence	16.524	21,708
Louisiana Commission on Law Enforcement and Administration of Criminal Justice		
Crime Victim Assistance		
Domestic violence	16.575	53,348
Violence Against Women Formula Grants		
Domestic violence	16.588	17,384
Pass-through program from:		
City of New Orleans - Office of Criminal Justice		
Domestic violence	16.575	158,205
Total - Louisiana Commission on Law Enforcement		228,937
City of New Orleans - Office of Criminal Justice		
Grants to Encourage Arrest Policies and Enforcement of Protection Orders		
Immigrant/refugee services	16.590	8,786
Domestic violence	16.590	6,651
Total - City of New Orleans - Office of Criminal Justice		15,437
Total - U. S. Department of Justice		266,082

(Continued)

<u>Federal Grantor/Pass-Through Grantor/ Program Title/Program Description</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures*</u>
U.S. Department of Labor		
Direct program:		
WIA Pilots, Demonstrations and Research Projects		
Jefferson Workforce	17.261	<u>99,442</u>
Total - U.S. Department of Labor		<u>99,442</u>
U.S. Department of State		
Pass-through programs from:		
United States Conference of Catholic Bishops		
Reception and placement-administrative	19.ukn	6,732
Reception and placement-direct	19.ukn	<u>3,040</u>
Total - U.S. Department of State		<u>9,772</u>
U.S. Department of Education		
Pass-through programs from:		
State of Louisiana		
Department of Social Services		
Louisiana Commission on Deaf		
Rehabilitation Services - Vocational Rehabilitation Grants		
Deaf action center	84.126	<u>39,241</u>
Total - U.S. Department of Education		<u>39,241</u>
U. S. Department of Health and Human Services		
Direct program:		
Health Resources and Services Administration		
Healthy Community Access Program		
Health community access program	93.252	<u>744,237</u>
Pass-through programs from:		
State of Louisiana		
Department of Education		
Temporary Assistance for Needy Families (TANF)		
Strategies to Empower People (STEP)	93.558	<u>146</u>
Department of Social Services		
Christian Health Ministries		
Temporary Assistance for Needy Families (TANF)	93.558	<u>1,307,575</u>
Office of Community Services		
Refugee and Entrant Assistance - State Administered Programs		
Refugee social services	93.566	43,217
Refugee targeted assistance	93.566	51,663
Refugee social services (PPP)	93.566	<u>3,195</u>
Total - Refugee and Entrant Assistance		<u>98,075</u>

(Continued)

<u>Federal Grantor/Pass-Through Grantor/ Program Title/Program Description</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures*</u>
U. S. Department of Health and Human Services (Continued)		
Foster Care - Title IV-E		
Independent living - positive youth development	93.658	<u>17,501</u>
Social Services Block Grant		
Child residential care	93.667	3,629,588
Therapeutic foster care	93.667	691,877
Family preservation	93.667	<u>93,964</u>
Total - Social Services Block Grant		<u>4,415,429</u>
Chaffee Foster Care Independence Program		
Independent living-match	93.674	295,275
Independent living-ETVP	93.674	<u>102,837</u>
Total - Chaffee Foster Care Independence Program		<u>398,112</u>
Total - Louisiana Department of Social Services		<u>6,236,692</u>
Office of the Governor/Office of Women's Policy		
Family Violence Prevention and Services - Grants for Battered Women's Shelters	93.671	<u>22,783</u>
Department of Health and Hospitals		
Office of Public Health		
Refugee and Entrant Assistance - Discretionary Grants		
Immigration/refugee services	93.576	<u>51,415</u>
Total - State of Louisiana		6,311,036
Total Community Action, Inc.		
Head Start		
Child day care	93.600	2,267,359
United States Conference of Catholic Bishops		
Refugee and Entrant Assistance - Voluntary Agency Programs		
Match Grant Program	93.567	22,201
Lutheran Immigration and Refugee Services		
Assistance for Torture Victims		
Detained torture survivors	93.604	<u>2,367</u>
Total - pass-through programs		<u>8,602,963</u>
Total - U.S. Department of Health and Human Services		<u>9,347,200</u>

(Continued)

<u>Federal Grantor/Pass-Through Grantor/ Program Title/Program Description</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures*</u>
Corporation for National and Community Service		
Foster Grandparents Program		
Foster Grandparents	94.011	<u>267,564</u>
Total - Corporation for National and Community Service		<u>267,564</u>
U. S. Department of Homeland Security		
Pass-through programs from:		
United Way of Greater New Orleans		
Emergency Food and Shelter National Board Program		
Emergency assistance	97.024	21,931
Emergency shelter care	97.024	50,971
Domestic violence	97.024	4,655
EFSP	97.024	<u>9,032</u>
Total - Emergency Food and Shelter National Board Program		<u>86,589</u>
Total - United Way of Greater New Orleans		<u>86,589</u>
State of Louisiana		
Department of Health and Hospitals		
Office of Mental Health		
Crisis Counseling		
LA Spirit	97.032	3,246,844
Louisiana Office of Homeland Security and Emergency Preparedness		
Disaster Grants - Public Assistance		
Hurricane Katrina Public Assistance Grant	97.036	<u>753,656</u>
Total - State of Louisiana		<u>4,000,500</u>
United Methodist Committee on Relief		
Hurricane Katrina Case Management System		
Katrina Aid Today	97.084	<u>496,448</u>
Total - U.S. Department of Homeland Security		<u>4,583,537</u>
Total Expenditures of Federal Awards included in this report		<u>\$ 19,980,643</u>

* Federal expenditures represent total expenditures for the program. Those expenditures may include amounts reimbursed by state and/or local matches.

See accompanying notes to schedule of expenditures of federal awards.

**NOTES TO SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

**Catholic Charities Archdiocese of New Orleans and Subsidiaries
New Orleans, Louisiana**

For the year ended June 30, 2006

Note 1 - NATURE OF ACTIVITIES

Catholic Charities Archdiocese of New Orleans (the "Agency"), a not-for-profit charitable organization of the Roman Catholic Church of the Archdiocese of New Orleans (the "Archdiocese"), operates health and community-based programs and provides administrative support and financial management services to separately operated charitable programs which it sponsors.

During the year ended June 30, 2005, several organizational changes took place involving the Agency and ownership and control of similar health and community-based agencies previously sponsored by the Archdiocese. More specifically, ownership and control of PHILMAT, Inc., PACE Greater New Orleans, and Second Harvest Food Bank of Greater New Orleans and Acadiana, were transitioned to the Agency.

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Catholic Charities Archdiocese of New Orleans, PHILMAT, Inc., and PACE Greater New Orleans. All expenditures of federal awards received directly from federal agencies are included on the schedule, as well as expenditures of federal awards passed-through other government agencies, including amounts reimbursed by state and/or local match.

Note 2 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Federal expenditures for the Agency and its Subsidiaries are recorded for financial reporting purposes when the Agency or Subsidiary incurs the liability.

We did not audit the financial statements of Second Harvest Food Bank of Greater New Orleans and Acadiana, a subsidiary of the Agency. Those financial statements were audited by other auditors who have issued a separate report on internal control over financial reporting and on compliance and other matters. Our report does not include that entity.

Note 3 - FINDINGS OF NONCOMPLIANCE

No federal award findings or questioned costs were reported during the audit of the financial statements.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Catholic Charities Archdiocese of New Orleans and Subsidiaries
New Orleans, Louisiana

For the year ended June 30, 2006

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weakness ☐ yes ☒ none reported

Noncompliance material to financial statements noted? yes X no

b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weakness ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 ☐ yes ☒ no

Section I - Summary of Auditor's Results (Continued)

c) Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.235	Supportive Housing Program
93.252	Healthy Community Access Program
93.558	Temporary Assistance for Needy Families
97.032	Crisis Counseling (Louisiana Spirit)
97.036	Disaster Grants - Public Assistance (Hurricane Katrina)
97.084	Hurricane Katrina Case Management System (Katrina Aid Today)

Dollar threshold used to distinguish
between Type A and Type B programs: \$696,354

Auditee qualified as a low-risk auditee? X yes ___ no

Section II - Financial Statement Findings**Compliance and Other Matters**

No compliance findings were noted during the audit of the financial statements for the year ended June 30, 2006.

Section III - Federal Award Findings and Questioned Costs

No federal award findings or questioned costs were reported during the audit of the financial statements for the year ended June 30, 2006.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Catholic Charities Archdiocese of New Orleans and Subsidiaries New Orleans, Louisiana

For the year ended June 30, 2006

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the financial statements for the year ended June 30, 2005.

No reportable conditions were reported during the audit of the financial statements for the year ended June 30, 2005.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2005.

Section II - Compliance and Internal Control Material To Federal Awards

Compliance

05-1 Recommendation - Instruct the responsible warehouse and delivery personnel of the requirement to account for the distribution and receipt of all commodities.

Management's Corrective Action - PHILMAT, Inc.'s Planning and Evaluation Departments will assist in developing internal audit procedures and controls to ensure the delivery tickets are signed according to necessary procedures. Possible future automation will also be explored. Unresolved, however, it is not considered a current year finding because the situation has not been addressed for follow-up by the granting agency during the past three years in which this finding was noted.

(Continued)

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2005.

MANAGEMENT'S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS

Catholic Charities Archdiocese of New Orleans and Subsidiaries
New Orleans, Louisiana

For the year ended June 30, 2006

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Financial Statements**

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the financial statements for the year ended June 30, 2006.

No reportable conditions were reported during the audit of the financial statements for the year ended June 30, 2006.

Compliance and Other Matters

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2006.

Section II - Internal Control and Compliance Material To Federal Awards

No findings or questioned costs were reported during the audit of the financial statements for the year ended June 30, 2006.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2006.